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SENSITIVE

DEPARTMENT FOR OES/EGC, EB/ESC/IEC, AND EUR/WE; NRC FOR
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SUBJECT: SPAIN: SOCIALIST DEPUTY'S VIEWS ON ENERGY ISSUES

REF: A. MADRID 1496

[1](#)B. 04 MADRID 4241

[1](#)1. (SBU) ESTHOFF met with Socialist Party (PSOE) Congresswoman and Industry Commission spokesperson Arantza Mendizabal Gorostiaga May 11 to discuss nuclear and renewable energy-related issues. Mendizabal made several interesting comments that tended to confirm our previous reporting (reftels) on the future of nuclear energy in Spain:

-- Prime Minister Zapatero and the PSOE will keep their campaign promise and will take no actions during the current Congress (through 2008) to reconsider Spain's de facto moratorium on the construction of new nuclear power reactors.

-- That said, the Prime Minister and the PSOE understand that the strong policy impetus to meet Kyoto Protocol commitments will complicate any future efforts to meet the PSOE commitment to gradually phase out Spain's nine existing nuclear power reactors.

-- No hard decision regarding the possible closure of an existing nuclear power facility will be taken before 2008 (after the next national elections).

-- The Spanish people are more like the Germans than the French in their general distaste for nuclear power.

-- To keep all options open, the PSOE plans major efforts during this Congress (i.e., through 2008) to establish a central depository for nuclear waste. (Note: at the moment, each of Spain's nuclear facilities stores its own waste. End Note.) Dealing with the nuclear waste issue is a prerequisite for any possible PSOE attempt to back away from its anti-nuclear policy.

-- The recent nuclear accident at the Vandellors II facility (Ref A) presents the PSOE with an interesting set of challenges. The government must take a hard line to demonstrate to the public that it takes safety issues seriously and will thus have to consider reforming Spain's Nuclear Security Council (CSN - Spain's NRC equivalent). But it must do so in a way that does not fuel anti-nuclear sentiment.

-- Reconsidering the PSOE's anti-nuclear stance makes obvious sense from an economic and energy security sense, but politically it would be enormously difficult for the PSOE to agree to the construction of new nuclear power reactors in Spain.

-- Renewable energy sources are "nice" but offer no short, medium or long-term solution for Spain's dependence on imported energy (i.e., oil and natural gas).

-- Spain's energy problems are aggravated by an almost out of control energy demand growth rate. Reducing the growth rate is not easy. Raising prices would be inflationary and would violate PSOE campaign promises.

-- Congress' Industry Commission (which oversees energy-related issues) plans to implement minor energy market reforms to make this market more transparent and "perfect." The current "confused" nature of electricity grid regulation complicates wider efforts to curb the excessive electricity consumption growth rate.

[1](#)2. (SBU) COMMENT: Mendizabal, a Basque who is in her fifth consecutive term in Congress, struck us as pragmatic and realistic. She is no anti-nuclear campaigner, but realizes that moving the PSOE away from its anti-nuclear stance would be very difficult. Her comments on the need for energy market reforms suggest that she understands that the best way forward is through market liberalization. Mendizabal appeared well aware of the significant and mounting energy-related challenges facing Spain, but did not see any politically realistic way to reduce Spain's dependence on

imported petroleum and natural gas.
MANZANARES